

South Dakota Public Utilities Commission Meeting
Tuesday, June 26, 2007, at 10:00 A.M.
USDSU Room 282
2205 Career Place, Sioux Falls, SD

NOTE: If you wish to join this meeting by conference call, please contact the Commission at 605-773-3201 by 5:00 p.m. on June 25, 2007. Lines are limited and are given out on first come/first serve basis, subject to possible reassignment to accommodate persons who must appear in a proceeding. Ultimately, if you wish to participate in the Commission Meeting and a line is not available you may have to appear in person.

NOTE: To listen to the Commission Meeting live please go to the PUC's website www.puc.sd.gov and click on the LIVE button on the home page. The Commission requests that persons who will only be listening to proceedings and not actively appearing in a case listen via the webcast to free phone lines for those who have to appear. The Commission meetings are archived on the PUC's website under the Commission Actions tab and then click on the LISTEN button on the page.

NOTE: Notice is further given to persons with disabilities that this Commission meeting is being held in a physically accessible place. If you have special needs, please notify the Commission and we will make all necessary arrangements.

AGENDA OF COMMISSION MEETING

Administration

1. Approval of the Minutes of the Commission Meeting Held on March 13, 2007, and March 27, 2007. (Staff: Demaris Axthelm)

Consumer Reports

1. Status Report on Consumer Utility Inquiries and Complaints Received by the Commission. (Consumer Affairs: Deb Gregg)

Consumer Complaints

1. CE07-001 In the Matter of the Complaint filed by Michael McCreight, Mitchell, South Dakota, against NorthWestern Energy Regarding Utility Service Refusal. (Staff Analyst: Deb Gregg, Staff Attorney: Kara Van Bockern)

Complaint by Michael McCreight against NorthWestern Energy regarding NorthWestern's refusal to provide utility service at the Stardust Motel in Mitchell, SD. Mr. McCreight recently signed a lease agreement for the Stardust Motel and now desires to transfer utilities into his name and restore utilities to the Motel. He intends to reopen the Motel for business and act as the Motel manager and operator. NorthWestern refused Mr. McCreight's request due to a balance owed by the former owner and operator of this same property. On May 15, 2007, Mr. McCreight filed an Emergency Motion for Temporary Service while the complaint is being resolved. On May 22, 2007, the Commission denied Mr. McCreight's Emergency Motion for Temporary Service. On June 11, 2007, Staff requested this complaint be dismissed

and closed after confirming Mr. McCreight no longer desired utility services at the Stardust Motel in Mitchell, SD.

TODAY, shall the Commission Dismiss the Complaint and Close the Docket?

Electric

1. **EL05-023 In the Matter of the Application of Xcel Energy for a Construction Permit to Build 9.6 Miles of the Split Rock to Lakefield Junction 345 kV Transmission Line and Add Facilities to the Split Rock Substation. (Staff Analysts: Bob Knadle/Martin Bettmann, Staff Attorney: Karen Cremer)**

On August 26, 2005, Xcel Energy (Xcel) submitted an application for a Construction Permit to build 9.6 miles of 345 kV Transmission Line from Split Rock to Lakefield Junction and add Facilities to the Split Rock Substation. A new 345 kilovolt line from the Split Rock Substation located west of Brandon, South Dakota to the Minnesota line is proposed to be constructed. The line will be approximately 9.6 miles in length and comprise the western portion of an 86-mile 345 kV transmission line between Split Rock Substation west of Brandon, South Dakota to the Lakefield Junction Substation east of Lakefield, Minnesota. Improvements to the Split Rock Substation will be constructed to accommodate the new 345 kV interconnection. A Joint Stipulation between Xcel and Commission Staff was filed on June 6, 2006. On August 15, 2006, Xcel filed a letter with the Commission asking for a waiver of the one year deadline pursuant to SDCL 49-41B-24, and for an additional period of time before the Commission's Final Decision. The Commission granted the waiver and additional time at its August 23, 2006, meeting. On December 11, 2006, Xcel filed a Motion to Extend Final Approval Deadline. The Commission granted the motion at its December 19, 2006 meeting. On June 4, 2007, Xcel filed a Motion to Extend Final Approval Deadline.

TODAY, shall the Commission Approve the Motion to Extend Final Approval Deadline?

2. **EL06-020 In the Matter of the Application by Navitas Energy, Inc. for an Energy Conversion Facility Permit for the Construction of the White Wind Farm and Associated Collection Substation and Electric Interconnection System (Staff Analysts: Martin Bettmann/Bob Knadle/Nathan Solem, Staff Attorney: Karen Cremer)**

On July 11, 2006, White Wind Farm, LLC, a wholly owned subsidiary of Navitas Energy, Inc., filed an application seeking an Energy Conversion Facility Permit to construct and operate the White Wind Farm. The White Wind Farm is a proposed 200 MW wind energy electricity generating facility and ancillary services located on approximately 93 acres in Sherman Township, southeast of White, South Dakota in Brookings County. The project consists of up to 105 2 MW wind turbine generators, associated electric collector lines, a collection substation and interconnection and upgrades to the WAPA White Substation. On September 8, 2006, Interstate Telecommunications Cooperative, Inc. (ITC) filed an Application for Party Status. The South Dakota Rural Electric Association (SDREA) filed a Petition to Intervene on September 11, 2006. On September 19, 2006, the Local Review Committee filed a request for \$2,000 from the Commission in order to hire a consultant to assist in carrying out the review committee's responsibilities. Sioux Valley Electric (Sioux Valley) filed a Petition to Intervene on October 18, 2006. Intervention was granted to Sioux Valley at the October 31, 2006, commission meeting. On March 19, 2007, ITC filed a request to withdraw as a party to the docket. Party status was granted to ITC, intervention was granted to SDREA and the local review committee's request for \$2,000 to hire a consultant was granted at the September 26, 2006, commission meeting. The Commission granted ITC's request to withdraw at its March 27, 2007, meeting. On May 15, 2007, SDREA, Sioux Valley and Navitas filed a Stipulation. Commission Staff filed a Stipulation on May 29, 2007.

TODAY, shall the Commission Approve the Settlement Stipulation? AND, shall the Commission Approve the Construction Permit?

3. **EL07-019 In the Matter of the Filing by NorthWestern Corporation d/b/a NorthWestern Energy for Approval of a Contract with Deviations with Burlington Northern and Santa Fe Railroad. (Staff Analyst: Dave Jacobson, Staff Attorney: Karen Cremer)**

Application by NorthWestern Energy for approval of a contract with deviations and associated tariff revisions to serve Burlington Northern Railroad. The customer has requested service to two new switch heaters which will require significant buried line and new transformers. The contract will allow NorthWestern to recover the cost of these facilities from the customer.

TODAY, shall the Commission Approve the Contract with Deviations and Associated Tariff Revisions?

4. **EL07-020 In the Matter of the Joint Request for an Electric Service Territory Boundary Change between Clay-Union Electric Corporation and NorthWestern Energy. (Staff Analysts: Nathan Solem/Martin Bettmann, Staff Attorney: Karen Cremer)**

On May 25, 2007, Clay-Union Electric Corporation (Clay-Union) and Northwestern Public Service, d/b/a Northwestern Energy (NWE) filed for Commission approval of a Service Territory Transfer Agreement between the two companies. Clay Union agrees to transfer to NWE one service location on the east half of the southeast quarter, Section 18, Township 94 North, Range 54 West, Yankton County, SD. Clay-Union's three phase infrastructure to serve this irrigation service is not in close proximity while NWE already serves an irrigation service on the west half of section 18. It is the opinion of both electric companies that this transfer of service location will minimize the duplication of electric service, will provide adequate electric service and will promote the efficient and economical use and development of the electric systems of the electric utilities.

TODAY, shall the Commission Approve the Electric Service Territory Boundary Change?

Natural Gas

1. **NG06-011 In the Matter of the Filing by NorthWestern Corporation d/b/a NorthWestern Energy for Approval of Tariff Revisions. (Staff Analyst: Dave Jacobson, Staff Attorney: Kara Van Bockern)**

Application by NorthWestern Energy for approval of tariff revisions requiring third-party marketers to receive approval of credit worthiness from NorthWestern's credit department prior to commencing service based on standards contained in the proposed tariff revisions. Existing marketers will also be required to submit credit information and seek approval as provided in the proposed tariff revisions. On October 5, 2006, Cornerstone Energy, Inc. (Cornerstone) filed a Petition for Intervention. The Commission granted intervention to Cornerstone at its October 19, 2006, meeting.

TODAY, shall the Commission Approve the Tariff Revisions?

2. **NG07-013 In the Matter of the Application by NorthWestern Corporation d/b/a NorthWestern Energy for Authority to Increase its Natural Gas Rates. (Staff Analysts: Dave Jacobson/Keith Senger/Bob Knadle/Martin Bettmann/Nathan Solem/Steve Wegman, Staff Attorney: Karen Cremer)**

Application by NorthWestern Energy (NorthWestern) for approval to increase rates for natural gas service to customers in its service territory by \$3,682,377 annually or approximately 5.5% based on NorthWestern's 2006 test year. The company states the proposed increase for a residential customer would be \$7.15 per month based on usage of 150 therms. The proposed rates may potentially affect approximately 42,286 customers in NorthWestern's service territory. Staff is submitting a proposed contract with Chesapeake Regulatory Consultants, Inc. for consulting services to the Commission.

TODAY, shall the Commission suspend the imposition of the tariff for 90 days beyond July 1, 2007? AND, shall the Commission assess a filing fee for actual expenses not to exceed \$100,000? AND, shall the Commission Approve the Proposed Consulting Contract?

Telecommunications

- 1. TC07-014 In the Matter of the Application of Hawk Relay, LLC for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota. (Staff Analysts: Brian Rounds/Keith Senger, Staff Attorney: Karen Cremer)**

On February 23, 2007, Hawk Relay, LLC filed an application seeking a Certificate of Authority to provide interexchange services throughout South Dakota. The Applicant intends to provide Video Relay Services and Internet Protocol Relay Services.

TODAY, shall the Commission Grant a Certificate of Authority to Hawk Relay, LLC?

- 2. TC07-020 In the Matter of the Filing by Matrix Telecom, Inc. d/b/a Matrix Business Technologies for an Exemption from Developing Company Specific Cost-Based Switched Access Rates. (Staff Analyst: Harlan Best, Staff Attorney: Karen Cremer)**

On April 6, 2007, Matrix Telecom, Inc. d/b/a Matrix Business Technologies (Matrix) submitted a request for an exemption from developing company specific cost-based switched access rates (ARSD 20:10:27:07) and a waiver of ARSD 20:10:27:12 requiring Matrix to base its switched access rates on the costs of all telecommunications companies with less than 100,000 access lines. Matrix proposes to mirror the intrastate switched access rates of Qwest Corporation.

TODAY, shall the Commission Approve the Intrastate Switched Access Tariff? AND, shall the Commission Grant the Petition and Waivers requested by Matrix Telecom, Inc. d/b/a Matrix Business Technologies?

- 3. TC07-034 In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement between Qwest Corporation and Comtel Telcom Assets LP d/b/a VarTec Telecom. (Staff Attorney: Karen Cremer)**

On May 18, 2007, the Commission received a filing for the approval of a payment terms amendment to the interconnection agreement between Qwest Corporation and Comtel Telcom Assets LP d/b/a VarTec Telecom for the State of South Dakota.

TODAY, shall the Commission Approve the Amendment to the Agreement?

- 4. In the Matter of the Request for Certification Regarding the Use of Federal Universal Service Support in Dockets TC07-035, TC07-037, TC07-040, TC07-043, TC07-046, TC07-048, TC07-049, TC07-050, TC07-051, and TC07-053**

TC07-035 In the Matter of the Request of West River Cooperative Telephone Company for Certification Regarding its Use of Federal Universal Service Support. (Staff Analyst: Harlan Best, Staff Attorney: Karen Cremer)

On May 24, 2007, West River Cooperative Telephone Co. (West River) provided information constituting West River's plan for the use of its federal universal service support and to otherwise verify that West River will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. Section 254.

TC07-037 In the Matter of the Request of Midstate Communications, Inc. for Certification Regarding its Use of Federal Universal Service Support. (Staff Analyst: Harlan Best, Staff Attorney: Karen Cremer)

On May 25, 2007, Midstate Communications, Inc. (Midstate) provided information constituting Midstate's plan for the use of its federal universal service support and to otherwise verify that Midstate will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. Section 254.

TC07-040 In the Matter of the Request of Alliance Communications Cooperative, Inc. for Certification Regarding its Use of Federal Universal Service Support. (Staff Analyst: Harlan Best, Staff Attorney: Karen Cremer)

On May 29, 2007, Alliance Communications Cooperative, Inc. (Alliance) provided information constituting Alliance's plan for the use of its federal universal service support and to otherwise verify that Alliance will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. Section 254.

TC07-043 In the Matter of the Request of Western Telephone Company for Certification Regarding its Use of Federal Universal Service Support. (Staff Analyst: Harlan Best, Staff Attorney: Karen Cremer)

On May 29, 2007, Western Telephone Company (Western) provided information constituting Western's plan for the use of its federal universal service support and to otherwise verify that Western will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. Section 254.

TC07-046 In the Matter of the Request of Roberts County Telephone Cooperative Association and RC Communications, Inc. for Certification Regarding its Use of Federal Universal Service Support. (Staff Analyst: Harlan Best, Staff Attorney: Karen Cremer)

On May 29, 2007, Roberts County Telephone Cooperative Association and RC Communications, Inc. (Roberts/RC) provided information constituting Roberts/RC's plan for the use of its federal universal service support and to otherwise verify that Roberts/RC will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. Section 254.

TC07-048 In the Matter of the Request of Tri-County Telcom, Inc. for Certification Regarding its Use of Federal Universal Service Support. (Staff Analyst: Harlan

Best, Staff Attorney: Karen Cremer)

On May 29, 2007, Tri-County Telcom, Inc. (Tri-County) provided information constituting Tri-County's plan for the use of its federal universal service support and to otherwise verify that Tri-County will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. Section 254.

TC07-049 In the Matter of the Request of McCook Cooperative Telephone Company for Certification Regarding its Use of Federal Universal Service Support. (Staff Analyst: Harlan Best, Staff Attorney: Karen Cremer)

On May 29, 2007, McCook Cooperative Telephone Company (McCook) provided information constituting McCook's plan for the use of its federal universal service support and to otherwise verify that McCook will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. Section 254.

TC07-050 In the Matter of the Request of Armour Independent Telephone Company for Certification Regarding its Use of Federal Universal Service Support. (Staff Analyst: Harlan Best, Staff Attorney: Karen Cremer)

On May 29, 2007, Armour Independent Telephone Company (Armour) provided information constituting Armour's plan for the use of its federal universal service support and to otherwise verify that Armour will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. Section 254.

TC07-051 In the Matter of the Request of Bridgewater-Canistota Independent Telephone Company for Certification Regarding its Use of Federal Universal Service Support. (Staff Analyst: Harlan Best, Staff Attorney: Karen Cremer)

On May 29, 2007, Bridgewater-Canistota Independent Telephone Company (Bridgewater) provided information constituting Bridgewater's plan for the use of its federal universal service support and to otherwise verify that Bridgewater will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. Section 254.

TC07-053 In the Matter of the Request of Kadoka Telephone Company for Certification Regarding its Use of Federal Universal Service Support. (Staff Analyst: Harlan Best, Staff Attorney: Karen Cremer)

On May 29, 2007, Kadoka Telephone Company (Kadoka) provided information constituting Kadoka's plan for the use of its federal universal service support and to otherwise verify that Kadoka will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. Section 254.

TODAY, shall the Commission Provide a Certification to the Federal Communications Commission and to the Universal Service Administration Company Regarding the Plan for the Use of Federal Universal Services Support as Proposed in Each of the Above Dockets?

5. TC07-073 In the Matter of the Application of CSDVRS, LLC for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota. (Staff Analyst: Keith Senger, Staff Attorney: Karen Cremer)

On June 1, 2007, CSDVRS, LLC filed an application seeking a Certificate of Authority to provide interexchange services throughout South Dakota. The Applicant intends to provide Video Relay Services through the use of high speed Internet and the PSTN.

TODAY, shall the Commission Grant a Certificate of Authority to CSDVRS, LLC?

6. TC07-077 In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement between Qwest Corporation and Houlton Enterprises, Inc. d/b/a Guaranteed Phone Service. (Staff Attorney: Kara Van Bockern)

On June 5, 2007, the Commission received a filing for the approval of a Triennial Review Order and Triennial Review Remand Order Amendment to the Interconnection Agreement between Qwest Corporation and Houlton Enterprises, Inc. d/b/a Guaranteed Phone Service for the State of South Dakota.

TODAY, shall the Commission Approve the Amendment to the Agreement?

Administration

1. Establishment of the Gross Receipts Tax levy for the 2008 Fiscal Year (Deputy Executive Director: Heather Forney)

SDCL Chapter 49-1A establishes the South Dakota Public Utilities Commission Gross Receipts Tax Fund. This Fund is financed by assessing a tax on the annual intrastate gross receipts received by a utility. The Fund is used by the Commission to defray regulatory expenses related to the regulation of telecommunications, electricity and natural gas. On April 1st of each year all utilities and telecommunications companies doing business in South Dakota shall file with the Commission, on forms provided by the Commission, the amount of its gross receipts derived from customers within South Dakota during the preceding calendar year pursuant to SDCL 49-1A-4. The report shall be sworn to and verified by an officer of the company. The Commission shall, by order, establish the rate and assess the tax authorized in SDCL 49-1A-3 which, together with any funds remaining from the current fiscal year and the two hundred fifty dollar minimum gross receipt tax, will fund the Commission's budget for the next fiscal year and provide a contingency reserve in an amount not to exceed the prior year's budget. In accordance with SDCL 49-1A-5, the tax is due and payable on July 15th of each year.

TODAY, shall the Commission establish the rate and assess the Gross Receipts Tax as authorized in SDCL 49-1A-3?

Announcements

1. The next regularly scheduled Commission meeting will be held July 11, 2007, at 1:30 p.m. in LRC Room 1 in Pierre, SD.
2. Commission meetings are scheduled for August 7 and 28, 2007.
3. Commissioners and staff will be attending the annual Mid-American Regulatory Conference in Minneapolis, MN, June 17 – 22, 2007.
4. A public hearing in docket HP07-001 will be held at 11:00 a.m. Monday, June 25, 2007, at the City Commission Chambers, 416 Walnut, Yankton, SD.

5. A public hearing in docket HP07-001 will be held at 7:00 p.m. Monday, June 25, 2007, at Joe's Café, 1150 Spruce, Alexandria, SD.
6. A public hearing in docket HP07-001 will be held at 7:00 p.m. Tuesday, June 26, 2007, at the Community Center, 120 N. Commercial St., Clark, SD.
7. A public hearing in docket HP07-001 will be held at 12:00 p.m. Wednesday, June 27, 2007, at the Marshall County Community Bldg/Britton Senior Center, 909 South Main, Britton, SD.
8. The PUC offices will be closed on Wednesday, July 4, 2007, in observance of Independence Day.

Heather K. Forney

Heather K. Forney
Deputy Executive Director
heather.forney@state.sd.us
June 19, 2007